

Message Text

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SUBJ: KLM REPORTS FIRST-QUARTER PROFIT

1. KLM LAST WEEK ANNOUNCED A NET PROFIT OF 20.8 MILLION GULDERS (1 DOLLAR EQUALS 2.71 GULDERS) FROM APRIL TO JUNE, THE FIRST QUARTER OF THE COMPANY'S FINANCIAL YEAR. THE PROFIT COMPARES WITH A NET LOSS OF 21.7 MILLION GULDERS INCURRED IN THE SAME PERIOD LAST YEAR AND REPRESENTS THE FIRST PROFIT IN A FIRST QUARTER SINCE 1971. REVENUES WENT UP BY 18 PERCENT TO 625.4 MILLION GULDERS, WHILE OPERATING COSTS ROSE BY ONLY 11 PERCENT, TO 602.0 MILLION GULDERS. THIS RESULTED IN AN OPERATING PROFIT IN THE FIRST QUARTER OF 23.4 MILLION GULDERS COMPARED WITH A LOSS OF 11.2 MILLION GULDERS LAST YEAR. IN THE ENTIRE FINANCIAL YEAR 1975-76, KLM SUFFERED A LOSS OF 18.6 MILLION GULDERS.

2. THE ANNOUNCED IMPROVEMENT OF FIRST QUARTER RESULTS IS MAINLY DUE TO AN INCREASE IN TRAFFIC DURING THE FIRST QUARTER OF 11 PERCENT AND A RISE IN PRODUCTIVITY OF THREE PERCENT. THE LOAD FACTOR ADVANCED FROM FIRST QUARTER OF LAST YEAR'S 50.6 PERCENT TO THE PRESENT 54R PERCENT. KLM EXPECTS TRAFFIC THIS FINANCIAL YEAR TO GROW BY 11 PERCENT. A MORE INTENSIVE USE OF THE COMPANY'S WIDE-BODIED FLEET (BOEING 747 AND DC-10) WILL RESULT IN A FOUR PERCENT RISE IN PRODUCTIVITY IN THE 1976-77 WHILE THE LOAD FACTOR SHOULD RISE TO 56 PERCENT.

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3. FOR THE COMING THREE YEARS, KLM DOES NOT PLAN TO EXPAND
ITS PRESENT FLEET OF WIDE BODIED AIRPLANES. REPLACEMENT OF
KLM'S FLEET OF DC-9S WILL TAKE PLACE IN THE EARLY 1980S,
BUT A CHOICE FOR THE REPLACEMENT HAS NOT YET BEEN MADE.
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